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## Montana Domestic and Foreign Policy

Mike Mansfield 1903-2001

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MONTANA - DOMESTIC AND FOREIGN POLICY

Address of Senator Mike Mansfield before the  
Butte Chamber of Commerce - Butte, Montana  
October 1, 1957

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Ladies and gentlemen of the Butte Chamber of Commerce, it is with a great deal of pleasure that I come to Butte this evening to speak to the annual meeting of your fine organization.

I am sure that most of you have arrived at the meeting tonight with the preconceived notion that I will speak on Foreign Policy and the many serious international problems facing our country today. You are essentially correct, I do intend to discuss the various phases of our ever-changing foreign policy and how it affects the Nation, Montana and each and everyone of us. But first I want to talk about Montana and its role in the shrinking world.

I am not saying anything new to those of us here when I say that Montana is truly a Treasure State for I sincerely believe that Montana is a land of opportunity blessed with a tremendous future in economic and industrial expansion. Our State has an abundance of human and natural resources.

In order to realize this great potential it is going to require the cooperation of all of us.

Not too many years ago Montana was generally considered a far-away and remote State in the northwestern section of the Nation; small towns, cattle and sheep ranches, Indians, western folklore and the "richest hill on earth". These were the things that made up the average person's vision of Montana.

Today the Treasure State is a land of growing cities, ranching, farming, mining, a newly developed oil industry, and new commercial industries. This is a State endowed with unsurpassed scenic beauty and abundance of fish and game which attract tourists from near and far.

All of these factors, in addition to Montana's fine people make the State important, but we also must consider that the world is becoming smaller and the State's position in relation to the rest of the country and the world has become much more intimate. Distances are constantly shrinking. Montana is a matter of hours from any large city in either hemisphere. This has been prompted largely by the increased speed in transcontinental air travel and communication.



Neither Montana nor the United States can sit back in self-containment. The world has become too small and we cannot ignore our neighbors. Montana has a role to play in international affairs. The Treasure State is dependent on foreign sources as they in turn are dependent on us as a productive State.

A few years ago who would have thought Montana would play an especially important role in our national defense? With the advent of trans-continental flights and the threat of aerial attack from the polar regions in this nuclear age Montana has found herself in a very strategic position. The Malmstrom Air Force Base at Great Falls is not only an integral part of the Strategic Air Command defense system along the northern frontier, but, in my opinion, is the most important air base in the entire United States.

The Glasgow Air Base now under construction will be an important link in the Air Defense Command. In addition a network of radar warning installations has been placed along the Montana-Canadian line.

These military installations are important, they bring in new people and new business which expand the economic base of the surrounding area. Most important of all they are vital to our defense.

Turning from defense to natural resources I think we will all agree that in the last quarter of the century Montana has witnessed a vast effort to harness its rivers and power sites. The result has been such multipurpose projects as Hungry Horse, Fort Peck, Canyon Ferry, Tiber Dam,

and many small projects. These projects have not been limited to power alone but have produced multi-purpose benefits such as irrigation, flood control and recreation.

Last month the second power plant was dedicated at Fort Peck Dam. This new power plant, when put into operation, will provide an additional 80,000 kilowatts to an area short of power.

As I look back over the years that it took to get Hungry Horse Dam constructed, I feel that the efforts of all the proponents have been more than repaid through the benefits received from this great project. Few will dispute the fact that Hungry Horse has done much for western Montana.

Hungry Horse has expanded the tax base in the area. It has been an economic boon to the Flathead area. The power generated has made possible new industries, such as The Anaconda Aluminum Company, the Diamond Match Company and The Victor Chemical Company.

We have other undeveloped dam sites in our State which can do the same for other parts of Montana. I refer to Libby and Yellowtail Dams.

I could spend all evening talking about the resources and the potential of the State of Montana, but that is unnecessary as I know you are as aware of these things as I am.

The point I want to bring home tonight is that in representing the people and in informing the people it is necessary that we work together in realizing the great potentials of Montana.



We may differ in methods but our aim remains the same.

Before I say a few words on foreign policy, I would like to discuss with you topics which are of the utmost interest to all of us.

Inflation is the number one domestic problem and nothing is being done by either the Administration or the Congress to combat it.

In the last decade there has been a 17% increase in the cost of food and a 15% decline in prices received by farmers. In other words both the consumers and the producers have been caught in the price-squeeze.

The cost of food for the average city family has increased from \$1000 in 1947 to \$1550 in 1957. Of the \$550 increase, the farmers received \$50 or 11%. Food processors, handlers, retailers and other marketing agencies got approximately \$450 or 90%. The remainder went for imported foods or fish.

It is interesting to note that retail prices of cereals and bakery products rose 34% between 1947 and 1957 while farm wheat prices dropped 7%; milk, at retail, is down only 3% while farm prices are off 16% from 1952; and meat prices are off 26% on the farm and only 5% at retail.

There is no question but that the farmer is getting it "in the neck". His costs have risen and the price he receives has declined. The Administration knows that the costs of what the farmer must buy have risen and that the prices at what he must sell have dropped. Secretary Benson has criticized "swollen bureaucracy" - which now numbers 16,256 more persons

in the Department of Agriculture since 1953, the day he took office. The Democrats lost only \$1.1 billion in supporting farm prices over 20 years; Benson has lost over \$3 billion in four years. He opposed controls but maintained as tight controls as ever; he has sought to discourage production by instituting the "flexible" program but the 1956 output set an all-time record. He has constantly attacked the \$2.5 billion in farm surpluses "piled up" by the Democrats but today farm surpluses amount to more than \$8 billion under Benson. Talk about a "mess in Washington" and you'll find Benson talking to himself.

Then there is former Secretary Humphrey. What a legacy he left to his successor, Robert Anderson! A debt ceiling beyond that of the previous Democratic Administration and a price spiral as yet unchecked. From the Administration's most vocal critic of inflation -- "it will make your hair curl" -- he has none, he has now become Chairman of National Steel. Steel, on the basis of the automatic boost in steel wages, has raised its cost to \$6 per ton. What does this mean to the public?

It will mean an increase of 7% in the prices of washing machines; 6% in home freezers; 4% in autos. To business it will mean an increase of 10% in the prices of nuts, bolts, screws, rivets, steel castings, and steel barrels; increases of 5 to 10% in motors and generators, hand tools, cutting tools, machinery and industrial furnaces. The insurance companies will boost their rates on liability insurance; the railroads will boost their rates and so will all other industries.



In today's complacent and flabby atmosphere there is very little resistance to this trend. What has happened to the American people? Surely we know what is happening or, if we men do not, our wives do. Can't we realize that we are the ones who are being deflated while this inflation continues? Don't we know that we are the ones who keep our economy going on the basis of our daily and weekly spending? Can't we understand that it is the ordinary folks who spend from week to week who keep our Main Streets alive? We've heard of "creeping socialism" -- perhaps we've shrugged it off -- but we know at first hand of the monster of "creeping inflation". For the past 12 months we've been faced with a continued increase in the cost of living and the figures have been publicized by our government and our dollar, which was worth 55¢ in January 1953 is now worth 49¢.

The Bureau of Labor Statistics in August stated that, on the 1947-49 average, the cost of living stands at 120.2%. Compared to a year ago, our dollar which was then worth 36.1¢ is now worth 33.2¢.

Inflation is no longer a threat; it is a fact. If I may call your attention to some facts, here they are:

If, in 1939, your yearly income was \$1,500 you must make \$3,098 to be as well off today; if your 1939 income



was \$15,000 you need \$40,091 in order to be as well off now; if your income was \$1 million you now need \$3,678,378. Figures of other income brackets are not here given for lack of time but the proportion is exactly the same. No one escapes. In a period of great prosperity nobody is really any better off and of course those whose income is fixed and unchangeable, who live on pensions, or on trust funds or wages that have not risen are really up against it. The purchasing power of their dollar has decreased and the burden of undreamed of taxes -- Federal, State and local -- is heavy, indeed.

It is not news to say that this situation is getting worse every day. The tax burden grows, prices increase, the purchasing power of the dollar goes down, the general financial situation, so far as the individual is concerned, becomes tighter and less bearable. Actually, of course, high taxes, while a great factor in this situation, are not the fundamental cause. The real cause is the steady rise, month by month, in the cost of living.

With the domestic copper producers price at 27¢ and the Customs Smelter price at 25.5¢, the basic industry upon which Butte and Anaconda and, to a lesser extent, Great Falls and Missoula as well as other Montana communities depend, we are faced with a difficult and dangerous situation. If something is not done in the very near future, the possibilities are that copper will follow the lead of lead and zinc.

In the fields of lead and zinc, the Montana Congressional delegation introduced a measure which on a sliding scale basis would give protection to domestic producers in competition with foreign imports from Canada, Mexico, Peru and elsewhere. We were unable to achieve any satisfaction in the House of Representatives before the Ways and Means Committee, although Congressman Metcalf and I, along with Senator Murray, appeared before the House Committee. In the Senate the three of us appeared before the Finance Committee and achieved a temporary success in getting our measure reported, but because of Administration opposition the Finance Committee reversed its previously favorable stand and reported out instead the Administration proposal for action.

This proposal by the Administration was a fruitless gesture, would have brought no relief whatever to the zinc and lead industry, and would have allowed the Administration to throw the ball back to Congress and blame it if no relief was furnished the zinc and lead industry.

The President, under the escape clause of the Reciprocal Trade Act, has more power and authority to protect lead and zinc than he would have had had the Administration proposal been passed. This matter was



brought to the attention of the President by Jere Cooper, Chairman of the House Ways and Means Committee, and it was also brought to his attention by the members of the Montana Congressional Delegation. Aside from kind words, which do not fill empty stomachs or make payrolls or give security or keep the mines and smelters going, we have received no word from the White House.

On September 5th I sent a letter to the President in which I urgently requested that he use his authority under the escape clause to bring relief to the lead and zinc industry. To date I have received only an acknowledgement, which is the usual form from the White House, but no promise of action, no promise of relief.

We know what has happened in Montana because of the decline in zinc and lead prices. We know what has happened to the tungsten industry in this State because of the fact that the House of Representatives went back on the pledged word of the Government of the United States and refused to allow the amounts necessary this year to carry on domestic operations in that field. When I say the House went back on the word of the Government, I mean this excluding such men as Lee Metcalf who worked night and day for the proposal, and I mean this excluding the Senate which on three separate occasions overwhelmingly voted for the funds to keep the tungsten industry going.

Now we are faced with a situation in copper which is presently selling at a price which will make it mandatory that high-cost producers will have to consider further reductions in production. When the price of copper soared to over 46¢ a pound in early part of 1956 and the foreign price reached a high of 55¢

during this same period, it was too high. Now, however, in the period from April, 1956 to September, 1957, we find that world and domestic prices have dropped from their previous highs to 27¢ a pound. This is too little. It is true that we have changed from a situation in which during the post-war period we had to import copper to make up for the deficiency in production at home, to a situation where domestic production has been sufficient to take care of all our needs, but at the same time over certain periods imports of copper have increased. It is thought that at present copper inventories are low and that buyers are waiting to take advantage of further decline in the price.

It is well to keep in mind that copper is a basic and, in some cases, an irreplaceable raw material for a great number of uses, and all indications seem to me to indicate a normal and continuing growth of consumption of 4 to 5% a year.

It is well to keep in mind that much of the expanded capacity in copper production during the war and post-war period was requested by the government of the United States in the interests of our national security. Under projects developed under the Defense Production Act, copper production has been increased to the extent of something like 250,000 tons a year. This, I am informed, is just about the equivalent figure as the surplus production in 1956. In my opinion, if it was necessary to expand capacity for the defense of this country, then I think it should be mandatory that the same reasoning demands that these operations be kept functioning at this time.



I would point out that a stockpile of copper, if need be, is not damageable and would certainly prove to be a worthwhile investment for a number of reasons. I believe also that import protection in the form of excise taxes or tariffs is necessary not only insofar as copper is concerned but also in the fields of lead, zinc and tungsten. The peril point of 24¢ a pound as applied to copper should be raised, in my opinion, to something on the order of 28 to 31 ¢, and import or excise tax, below those figures, should be raised from 2 to 4 ¢ a pound. This should be enough in this high cost era to cover the cost of production, to furnish a fair profit, to give work to our miners and smeltermen, and to give security to this most important segment of Montana's economy.

Whether or not we can achieve relief along these lines, I do not know, but I do want to assure you - and I know I speak for the rest of the Montana Delegation - that we are doing all in our power to see that this relief is given because we are fully aware of the fact that the dangerous and difficult situation confronting the domestic mining industry in Montana at this time is an ever-present one and needs immediate consideration. As one who worked in the Butte mines for 9 years, I feel I have a fairly good grasp of this situation. As one who knows how much cities like Butte and Anaconda depend for their economic livelihood upon metals production, I want to assure you that I will do my best to see that action is taken which will obliterate the prospective ghost in our midst and give some reality and substance to the body, which is our economic livelihood.

What lies ahead in the cost of living picture? In my opinion, it will continue its upward trend. Steel prices are bound to affect home, appliances, construction, and many other fields as I have indicated. Food costs, because of drought in the eastern United States, will not decline.

What is the answer? One factor is excessive buying on credit. It is my understanding that credit buying today is in excess of 40 billion dollars. Would it not be worthwhile to reinstate Regulation W which was a measure under which minimum down payments - usually one-third - were prescribed for the purchase of automobiles, appliances and a number of other items? Many people say they do not like legislative controls - and I don't either - but I don't like inflation either. Do you?

Another possibility is the idea advanced by Walter Reuther asking the auto makers to reduce their '58 models by \$100 and, in return, the Auto Workers' Union would temper its demands. It's been turned down by the Big 3, but didn't Eisenhower ask Management and Labor to get together, to exercise caution, and work together to halt inflation? Maybe Reuther's suggestion is not the answer; maybe the Big 3 were right in refusing to consider it. How do we know? Certainly, at the least, it is entitled to serious consideration and the proposal seems to me to be a step in the right direction.